

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. **10-20154** CR-COOKE

18 U.S.C. § 1349

18 U.S.C. § 1341

18 U.S.C. § 1343

18 U.S.C. § 2326

18 U.S.C. § 2

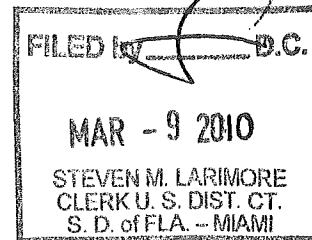
CLERK OF COURT
BANDSTRA

UNITED STATES OF AMERICA

vs.

SILVIO CARRANO,
PATRICK WILLIAMS,
DONALD WILLIAMS,
and
GREGORY BRITT FLEMING,

Defendants.



INDICTMENT

The Grand Jury charges that:

GENERAL ALLEGATIONS

At various times relevant to this Indictment:

1. The defendants and their co-conspirators worked for a series of companies in Costa Rica that marketed and sold to United States residents business opportunities to own and operate vending machine, beverage, and greeting card sale display racks. The business opportunities the defendants and their co-conspirators sold cost thousands of dollars each, and most purchasers paid at least \$10,000. Each business opportunity company operated for several months. After one company closed, the next opened. The various companies used bank accounts, office space, and other services in the Southern District of Florida and elsewhere.

2. Apex Management Group, Inc. ("Apex") was a Florida corporation. Apex sold business opportunities to own and operate soda/snack vending machines. Apex rented office space in Ft. Lauderdale, Florida, to make it appear to potential purchasers that Apex's operations were fully within the United States. However, Apex also operated in Costa Rica.

3. USA Beverages, Inc. ("USA Beverages") was a Florida and New Mexico Corporation. USA Beverages sold business opportunities to own and operate coffee beverage sale display racks. USA Beverages rented office space in Las Cruces, New Mexico, to make it appear to potential purchasers that USA Beverages' operations were fully within the United States. However, USA Beverages was actually operated in Costa Rica.

4. Twin Peaks Gourmet Coffee, Inc. ("Twin Peaks") was a Florida and Colorado corporation. Twin Peaks sold business opportunities to own and operate coffee beverage sale display racks. Twin Peaks rented office space in Fort Collins, Colorado, to make it appear to potential purchasers that Twin Peaks' operations were fully within the United States. However, Twin Peaks was actually operated in Costa Rica.

5. Cards-R-Us, Inc. ("Cards-R-Us") was a Nevada corporation that sold business opportunities to own and operate greeting card sale display racks. Cards-R-Us rented office space in Reno, Nevada, to make it appear to potential purchasers that Cards-R-Us' operations were fully within the United States. However, Cards-R-Us was actually operated in Costa Rica.

6. Premier Cards, Inc. ("Premier Cards"), was a Colorado and Pennsylvania corporation. Premier Cards sold business opportunities to own and operate greeting card sale display racks. Premier Cards rented office space in Philadelphia, Pennsylvania, to make it appear to potential

purchasers that Premier Cards' operations were fully within the United States. However, Premier Cards was actually operated in Costa Rica.

7. The Coffee Man, Inc., a/k/a Continental Coffee or Continental Java ("Coffee Man") was a Colorado corporation that sold business opportunities to own and operate coffee beverage sale display racks. Coffee Man rented office space in Denver, Colorado, to make it appear to potential purchasers that Coffee Man's operations were fully within the United States. However, Coffee Man was actually operated in Costa Rica.

8. Nation West Distribution Company ("Nation West") was a Colorado corporation. Nation West sold business opportunities to own and operate "mini-mall" vending machines that could dispense a variety of products. Nation West rented office space in Denver, Colorado, to make it appear to potential purchasers that Nation West's operations were fully within the United States. However, Nation West was actually operated in Costa Rica.

9. Apex, USA Beverages, Twin Peaks, Cards-R-Us, Premier Cards, Coffee Man, and Nation West ("the companies") employed various types of sales representatives, including "fronters," "closers," and "references." A "fronter" spoke to potential purchasers when the prospective purchasers initially contacted the company in response to an advertisement. A "closer" subsequently spoke to potential purchasers to close deals. "References" spoke to potential purchasers about the financial success they purportedly had experienced since purchasing one of the business opportunities.

10. Defendant **SILVIO CARRANO** was the Treasurer for USA Beverages. **SILVIO CARRANO**, using assumed names including "Bob Orr," "John Kirby," "Paul Bently," and "Dave Jakovich," was a fronter and reference for USA Beverages, a fronter and reference for Twin Peaks,

a fronter and reference for Cards-R-Us, a reference for Premier Cards, and a reference for Coffee Man.

11. Defendant **PATRICK WILLIAMS**, using assumed names including “Bill Gardner,” “Peter Burns,” “David Price,” and “Matt Skaggs,” was a fronter for Apex, a locator and reference for USA Beverages, a fronter and reference for Twin Peaks, a fronter and reference for Cards-R-Us, a reference for Premier Cards, a reference for Coffee Man, and a fronter and reference for Nation West.

12. Defendant **DONALD WILLIAMS**, using assumed names, was a fronter for USA Beverages, a fronter and reference Twin Peaks, a fronter and reference for Cards-R-Us, and a fronter and reference for Premier Cards.

13. Defendant **GREGORY BRITT FLEMING**, using assumed names, was a fronter for USA Beverages, a fronter and reference for Twin Peaks, and a fronter and reference for Nation West.

COUNT 1
(Conspiracy: 18 U.S.C. § 1349)

1. Paragraphs 1 through 13 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From in or around June 2004, through in or around January 2009, in Miami-Dade and Broward Counties, in the Southern District of Florida, and elsewhere, the defendants,

**SILVIO CARRANO,
PATRICK WILLIAMS,
DONALD WILLIAMS,
and
GREGORY BRITT FLEMING,**

in connection with the conduct of telemarketing, did willfully, that is, with the intent to further the objects of the conspiracy, and knowingly combine, conspire, confederate and agree with others, known and unknown to the Grand Jury, to commit certain offenses against the United States, that is:

(a) to knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and to place and cause to be placed in a post office and authorized depository for mail matter, matter to be sent and delivered by the United States Postal Service, and to deposit and cause to be deposited matter to be sent and delivered by a private and commercial interstate carrier, and to take and receive matter delivered by the United States Postal Service and a private and commercial interstate carrier, for the purpose of executing the scheme, in violation of Title 18, United States Code, Section 1341;

(b) to knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud, and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and transmit and cause to be transmitted certain wire communications in interstate and foreign commerce, for the purpose of executing the scheme and artifice, in violation of Title 18, United States Code, Section 1343.

PURPOSE OF THE CONSPIRACY

3. It was the purpose of the conspiracy for the defendants and their co-conspirators to unlawfully enrich themselves by obtaining money from prospective business opportunity purchasers by means of materially false statements and representations and the concealment of material facts

concerning, among other things, the geographic location from which the companies operated, the expected profits of the business opportunities they sold, the services the companies would provide to purchasers, and the authenticity of company references.

MANNER AND MEANS OF THE CONSPIRACY

The manner and means by which the defendants and their co-conspirators sought to accomplish the objects and purpose of the conspiracy included, among others, the following:

4. The companies advertised the business opportunities through the Internet and in newspapers. The advertisements promoted distributorships for coffee, greeting cards, and vending machines. The advertisements included earnings claims, such as “Earn \$2K Weekly” and “Highest profit margin. 100k yearly.”

5. The advertisements generally urged readers to call a toll-free number for more information. The phone numbers were typically toll-free numbers that gave no indication to consumers that they were connecting to telephones in Costa Rica.

6. Potential purchasers who called the companies were initially connected to a fronter, who described the business opportunity. **SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING**, using assumed names, worked as frontiers for some of the companies.

7. The companies then arranged for interested potential purchasers to receive by overnight delivery service promotional packets that contained glossy brochures and other sales materials falsely describing the firms as companies located in the United States.

8. Interested potential purchasers spoke by telephone to a closer, who used an assumed name. The phone numbers for closers were typically toll-free numbers that gave no indication to

consumers that they were connecting to telephones in Costa Rica. The closer further described the business opportunity and closed the sale.

9. The companies encouraged potential purchasers, before making a decision, to call certain references, who were characterized by the sales representatives as prior business opportunity purchasers. The phone numbers for references appeared to potential purchasers to be domestic numbers connecting within the United States, whereas in fact the calls generally were routed to Costa Rica. **SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING**, using assumed names, worked as references for some of the companies.

10. The companies also encouraged potential purchasers, before making a decision, to call certain “locators,” who were characterized by the sales representatives as third parties who worked with the companies to find high-traffic locations for the merchandise display racks. In some cases, the purported locator was **PATRICK WILLIAMS** using an assumed name.

11. The companies provided potential purchasers with instructions for wiring and otherwise transferring funds to the companies as payment for the business opportunities. Purchasers followed these instructions and sent money to certain addresses and bank accounts, some of which were located within the Southern District of Florida.

12. As the treasurer for USA Beverages, **SILVIO CARRANO** opened three accounts in the Southern District of Florida which received money paid by purchasers of the USA Beverage business opportunity.

13. To fraudulently induce others to purchase the business opportunities, the defendants and their co-conspirators made, and caused others to make, numerous materially false statements,

and omitted and concealed, and caused others to omit and conceal, numerous material facts, including, among others, the following:

Materially False Statements

- a. That USA Beverages, Twin Peaks, Cards-R-Us, Premier Cards, Coffee Man, and Nation West were based in and operated out of the United States;
- b. That purchasers likely would earn substantial profits by purchasing one of the business opportunities;
- c. That prior purchasers of the business opportunities were earning substantial profits from their businesses;
- d. That purchasers would sell a guaranteed minimum amount of merchandise, such as greeting cards and beverages;
- e. That the business opportunity worked with locators familiar with the prospective purchaser's area who would secure, or had already secured, high-traffic locations for the prospective purchaser's merchandise stands;
- f. That the profits of some of the companies were based in part on the profits of the business opportunity purchasers, thus creating the false impression that the companies had a stake in the purchasers' success and in finding good locations;
- g. That the companies were established years earlier, had a significant number of distributors across the country, and had a track record of success;
- h. That purchasers would receive their merchandise racks, merchandise, and locations promptly;

i. That certain “references,” whom the companies’ sales representatives encouraged potential purchasers to call, had previously purchased one of the business opportunities offered and were making profits in line with or exceeding the companies’ promises; and

j. That a limited number of distributorships were available in any one particular area, and that potential purchasers must act quickly to secure the area.

Omission/Concealment of Material Facts

k. That the companies were operated almost entirely out of Costa Rica;

l. That the frontiers and closers worked in Costa Rica;

m. That funds sent to the companies’ United States addresses and United States bank accounts would be forwarded to Costa Rica and elsewhere;

n. That the companies were receiving complaints from prior purchasers about non-delivery of merchandise and merchandise racks, the failure to find good locations, and the companies’ non-existent customer support;

o. That the companies had been in business only a short time, and were merely operating under the names of older, now-defunct companies;

p. That the locators had not secured locations for the merchandise racks as described;

q. That the references whom potential purchasers were encouraged to contact were individuals paid by the companies and had not in fact purchased the business opportunities;

r. That many of the references resided in Costa Rica rather than the United States; and

s. That the company in which potential purchasers were considering investing was one in a series of similar companies that operated for a short period of time and then ceased to do business.

All in violation of Title 18, United States Code, Sections 1349 and 2326.

COUNTS 2-11
(Mail Fraud: 18 U.S.C. § 1341)

1. Paragraphs 1 through 13 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From in or around June 2004, through in or around January 2009, in the Southern District of Florida, and elsewhere, the defendants,

**SILVIO CARRANO,
PATRICK WILLIAMS,
DONALD WILLIAMS,
and
GREGORY BRITT FLEMING,**

in connection with the conduct of telemarketing, did knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and for the purpose of executing such scheme and artifice to defraud, did place and cause to be placed in a post office and authorized depository for mail matter, matter to be sent and delivered by the United States Postal Service, and did deposit and cause to be deposited matter to be sent and delivered by a private and commercial interstate carrier, and did take and receive matter delivered by the United States Postal Service and a private and commercial interstate carrier.

PURPOSE OF THE SCHEME AND ARTIFICE

3. It was the purpose of the scheme for defendants and their co-schemers to unlawfully enrich themselves by obtaining money from prospective business opportunity purchasers by means of materially false statements and representations and the concealment of material facts concerning, among other things, the geographic location from which the companies operated, the expected profits of the business opportunities they sold, the services the companies would provide to purchasers, and the authenticity of company references.

THE SCHEME AND ARTIFICE

4. Paragraphs 4 through 13 of the Manner and Means section of Count 1 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein as a description of the scheme and artifice.

USE OF THE MAILS

5. On or about the dates specified as to each count below, the below-identified defendants, for the purpose of executing and in furtherance of the aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, did place and cause to be placed in a post office and authorized depository for mail matter, matter to be sent and delivered by the United States Postal Service, and did deposit and cause to be deposited matter to be sent and delivered by a private and commercial interstate carrier, and did take and receive matter delivered by the United States Postal Service and a private and commercial interstate carrier.

COUNT	DEFENDANTS	APPROX. DATE	DESCRIPTION OF ITEM
2	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	June 24, 2005	Check for \$17,500 sent via FedEx by M.W. from Ohio to Pompano Beach, Florida, as payment for a USA Beverages business opportunity.
3	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	July 20, 2005	Sales packet sent via DHL Express on behalf of USA Beverages from the Southern District of Florida, to D.T. in Urbandale, Iowa.
4	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	August 30, 2005	Check for \$7,050 sent via FedEx by B.R. from Pennsylvania to Pompano Beach, Florida, as partial payment for a USA Beverages business opportunity.
5	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	January 25, 2006	Sales packet sent via DHL Express on behalf of Twin Peaks from the Southern District of Florida, to W.B. in Oklahoma City, Oklahoma.
6	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	March 2006	Promotional material sent via DHL Express on behalf of Twin Peaks from the Southern District of Florida, to K.C. in Lake St. Louis, Missouri.
7	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	April 3, 2006	Checks and money orders totaling \$10,000 sent by A.R. in California via U.S. Mail to Medley, Florida, as payment for a Twin Peaks business opportunity.

COUNT	DEFENDANTS	APPROX. DATE	DESCRIPTION OF ITEM
8	SILVIO CARRANO, PATRICK WILLIAMS, and DONALD WILLIAMS	January 22, 2007	Sales packet sent via DHL Express on behalf of Cards-R-Us from Miami, Florida, to T.P. and K.P. in Forsyth, Illinois.
9	SILVIO CARRANO, PATRICK WILLIAMS, and DONALD WILLIAMS	February 6, 2007	Sales packet sent via DHL Express on behalf of Cards-R-Us from Miami, Florida, to P.H. in Knoxville, Tennessee.
10	SILVIO CARRANO and PATRICK WILLIAMS	January 22, 2008	Sales packet sent via DHL Express on behalf of Coffee Man from the Southern District of Florida, to N.B. in Franklin, Wisconsin.
11	SILVIO CARRANO and PATRICK WILLIAMS	February 18, 2008	Sales packet sent via DHL Express on behalf of Coffee Man from the Southern District of Florida, to M.J. in Winfield, Missouri.

In violation of Title 18, United States Code, Sections 1341, 2326, and 2.

COUNTS 12-14
(Wire Fraud: 18 U.S.C. § 1343)

1. Paragraphs 1 through 13 of the General Allegations section of this Indictment are re-alleged and incorporated by reference as though fully set forth herein.

2. From in or around June 2004, through in or around January 2009, in the Southern District of Florida, and elsewhere, the defendants,

**SILVIO CARRANO,
PATRICK WILLIAMS,
DONALD WILLIAMS,
and
GREGORY BRITT FLEMING,**

in connection with the conduct of telemarketing, did knowingly and with intent to defraud devise and intend to devise a scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, knowing that they were false and fraudulent when made, and did transmit and cause to be transmitted, by means of wire communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds.

PURPOSE OF THE SCHEME AND ARTIFICE

3. It was the purpose of the scheme for defendants and their co-schemers to unlawfully enrich themselves by obtaining money from prospective business opportunity purchasers by means of materially false statements and representations and the concealment of material facts concerning, among other things, the geographic location from which the companies operated, the expected profits of the business opportunities they sold, the services the companies would provide to purchasers, and the authenticity of company references.

THE SCHEME AND ARTIFICE

4. Paragraphs 4 through 13 of the Manner and Means section of Count 1 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein as a description of the scheme and artifice.

USE OF THE WIRES

5. On or about the dates specified as to each count below, the below-identified defendants, for the purpose of executing and in furtherance of the aforesaid scheme and artifice to defraud and to obtain money and property by means of materially false and fraudulent pretenses, representations, and promises, did transmit and cause to be transmitted, by means of wire

communications in interstate and foreign commerce, certain writings, signs, signals, pictures, and sounds, as more particularly described below:

COUNT	DEFENDANTS	APPROX. DATE	DESCRIPTION OF WIRE COMMUNICATION
12	SILVIO CARRANO, PATRICK WILLIAMS, DONALD WILLIAMS, and GREGORY BRITT FLEMING	November 28, 2005	Electronic mail including an invoice for printing services for Twin Peaks sent from Miami, Florida, to a co-schemer in Costa Rica.
13	SILVIO CARRANO, PATRICK WILLIAMS, and DONALD WILLIAMS	June 29, 2006	Electronic mail including an invoice for printing services for Cards-R-Us sent from Miami, Florida, to a co-schemer in Costa Rica.
14	SILVIO CARRANO, PATRICK WILLIAMS, and DONALD WILLIAMS	January 31, 2007	Electronic mail including an invoice for printing services for Cards-R-Us sent from Miami, Florida, to a co-schemer in Costa Rica.

In violation of Title 18, United States Code, Sections 1343, 2326, and 2.

FORFEITURE ALLEGATIONS

1. Counts 1 through 14 of this Indictment are re-alleged and incorporated by reference as though fully set forth herein, for the purpose of alleging forfeitures pursuant to Title 18, United States Code, Section 982(a)(8) and Title 28, United States Code, Section 2461(c).

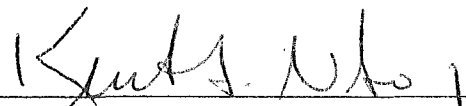
2. As the result of the offenses alleged in Counts 1 through 14 of this Indictment, the defendants shall forfeit to the United States pursuant to Title 18, United States Code, Section 982(a)(8), and Title 28, United States Code, Section 2461(c), any property, real or personal, which constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 1349, 1341, 1343, and 2326.


3. If any of the forfeitable property is unavailable for forfeiture, the United States intends to seek the forfeiture of substitute property as provided for in Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 982(b)(1) and by Title 28, United States Code, Section 2461(c).

All in violation of Title 18, United States Code, Sections 1349, 1341, 1343, 2326, 982(a)(8), 982(b)(1); Title 21, United States Code, Section 853(p); and Title 28, United States Code, Section 2461(c).

A TRUE BILL

FOREPERSON¹



JEFFREY H. SLOMAN
UNITED STATES ATTORNEY

JEFFREY STEGER
TRIAL ATTORNEY
U.S. DEPARTMENT OF JUSTICE

ALAN PHELPS
TRIAL ATTORNEY
U.S. DEPARTMENT OF JUSTICE